

MINUTE ITEM

This Calendar Item No. 29
was approved as Minute Item
No. 29 by the State Lands
Commission by a vote of 3
to 0 at its 5-1-91
meeting.

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CALENDAR ITEM

29

05/01/91
W 9603.84 PRC 7539
Tanner

AWARD OF THE SELL OFF OIL SALES CONTRACT
STATE PRC 3455
TRACT NO. 2, LONG BEACH UNIT
WILMINGTON OIL FIELD, LOS ANGELES COUNTY
TEXACO TRADING AND TRANSPORTATION, INC.

BACKGROUND:

At its meeting on October 29, 1990, the State Lands Commission authorized the sale of sell-off oil from State PRC 3455, which is Tract No. 2, Long Beach Unit, Wilmington Oil Field, Los Angeles County. The State's share of production from Tract No. 2 is approximately 6,445 barrels per month of 17.6° API gravity crude oil. Ultramar, Inc. is purchasing this oil and paying the State a bonus of \$0.51 per barrel above a Base Price defined as the highest price posted for crude oil of like gravity and quality on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood oil fields among the postings of Chevron, U.S.A., Inc., Mobil Oil Corporation and Union Oil Company of California. The Base Price definition has been changed for this sale to a definition comparable to the Base Price in City of Long Beach crude oil sales contracts. The new Base Price definition is the highest price posted for crude oil of like gravity and quality on the day of delivery in the Wilmington Oil Field among the postings of Chevron, U.S.A., Inc., Mobil Oil Corporation, Union Oil Company of California and Texaco Trading & Transportation, Inc. The present sales contract is scheduled to expire on August 1, 1991. The oil from Tract No. 2 can be taken in kind or returned to the lessee on sixty days prior written notice.

A Notice Inviting Bids for a new sell-off oil sales contract to run from August 1, 1991 until February 1, 1993 was published in the Long Beach Press-Telegram on April 5, 1991. The bid opening was scheduled for April 25, 1991. Exhibit "A" shows the results of the bidding.

STAFF RECOMMENDATION:

Fiscal and legal reviews of the submitted bid material were done by the State Lands Commission Auditing and Legal units respectively. Based on the results of these reviews, the highest

CALENDAR ITEM NO. 29 (CONT'D)

responsible bidder has been identified and is designated in Exhibit "A".

Staff recommends awarding the new Sell-off Oil Sales Contract for State PRC 3455, Tract No. 2, Long Beach Unit, Wilmington Oil Field, Los Angeles County, to the highest responsible bidder designated in Exhibit "A" for the period August 1, 1991 until February 1, 1993.

AB 884:
N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBIT:

- A. Results of Bid Opening.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. AWARD THE SELL-OFF OIL SALES CONTRACT FOR STATE PRC 3455, TRACT NO. 2, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A", TEXACO TRADING AND TRANSPORTATION, INC., FOR THE PERIOD AUGUST 1, 1991 UNTIL FEBRUARY 1, 1993.

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EXHIBIT "A"

SELL-OFF OIL SALES CONTRACT BID OPENING
STATE PRC 3455
TRACT NO. 2, LONG BEACH UNIT
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

APRIL 25, 1991

11:00 A.M.

<u>BIDDER</u>	<u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u>
1. Ultramar, Inc.	
2. Texaco Trading and Transportation	\$0.405
3.	\$0.521
4.	

The highest responsible bidder is TEXACO TRADING AND
TRANSPORTATION.

CALENDAR PAGE 155:2
MINUTE PAGE 1504